Revenue Loss due to VAT System

3928. SHRI B.J. PANDA : Will the Minister of FIN ANCE be pleased to state :

(a) whether it is a fact that Government have set up a panel to study the "Revenue Loss" arising out of the Value Added Tax (VAT) system; and

(b) if so, the structure of the panel and its terms of reference ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N.RAMACHANDRAN): (a) Yes, Sir.

(b) The Committee is headed by Additional Secretary (Revenue) Government of India with representatives from some of the State Governments and other relevant departments as members.

The Committee is to develop clear and measurable criteria for judging revenue loss, if any, due to introduction of VAT and is to decide about the manner of compensation as well as quantum of compensation.

Uniform VAT

3929. SHRI K.M. KHAN : Will the Minister of FINANCE be pleased to state :

(a) by when the uniform Value Added Tax will come into force in the country;

(b) whether Government has assured the State Governments to compensate the losses which would be incurred while implementing the Value Added Tax;

(c) if so, whether a Committee would be set up for assessing possible losses and working out a formula for compensation to the States; and

(d) if so, the details thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) The States have decided to introduce a Value Added Tax system *with effect from* 1 -4-2002. However, a special category States and newly formed States have an option to introduce VAT regime by 1 st April, 2003.

(b) to (d) In a Conference of Chief Ministers held on 5th July, 2001, it was decided to constitute a Committee consisting of Finance Secretaries of States and officials of Finance Ministry for judging revenue loss, if any, due to introduction of VAT. Accordingly, a Committee has been set up under the Chairmanship of Additional Secretary (Revenue) Government of India.

The Committee is to develop clear and measurable criteria for judging revenue loss, if any, due to introduction of VAT and is to decide about the manner of compensation as well as quantum of compensation.